VZCZCXRO0192 PP RUEHFK RUEHKSO RUEHNAG RUEHNH DE RUEHKO #4823 2890254 ZNR UUUUU ZZH P 160254Z OCT 07 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC PRIORITY 8588 RUEKJCS/SECDEF WASHDC PRIORITY RUCPDOC/USDOC WASHDC PRIORITY RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY RUYNAAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY RHHMHBA/COMPACFLT PEARL HARBOR HI//N541// PRIORITY RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY RHMFIUU/USFJ PRIORITY INFO RUEHFK/AMCONSUL FUKUOKA 3750 RUEHNH/AMCONSUL NAHA 6160 RUEHNAG/AMCONSUL NAGOYA 2658 RUEHKSO/AMCONSUL SAPPORO 4455 RUEHOK/AMCONSUL OSAKA KOBE 7414 RUEHBJ/AMEMBASSY BEIJING 9531 RUEHMO/AMEMBASSY MOSCOW 1926 RUEHUL/AMEMBASSY SEOUL 5585 RUCNDT/USMISSION USUN NEW YORK 6435 RHEHAAA/NSC WASHDC

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National Congress

LEAD STORIES: Top stories this morning included a decision by Japan's largest brokerage firm Nomura Holdings to close its US residential mortgage business.

"Can China Achieve Real Harmony?" The liberal Tokyo Shimbun editorialized (10/16): "...Regarding foreign policy, Chinese President Hu Jintao stated during the opening on Monday of the Communist Party's National Congress that China will work hand in hand with the people of foreign nations to build a peaceful, prosperous, and harmonious world. However, Hu warned Taiwan that no form of independence can be allowed and hinted at the use of force. Japan fully understands and respects Beijing's claim that Taiwan is part of China. However, Taiwan has achieved democracy, and its people directly elect their president and legislators. Freedom of speech and freedom of the press are ensured there. China's neighbors would not accept any move by Beijing to use force in defiance of the will of the Taiwanese people, regardless of the reason. Winning international confidence in its idea of a 'harmonious world' will depend on how China deals with Taiwan.

SCHIEFFER